



Moving to the New Financial System

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FMS Conference

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Discussion Points

1. ***Why are agencies moving to a new Financial System?***
2. ***Specific Implementation Experience***
3. ***Observations***
4. ***Recommendations***
5. ***The proposed CGAC and its impact on new financial system implementations***



1. Why are agencies moving to a new Financial System?

- A. To satisfy Federal Mandates***
- B. To meet agency goals***



A. Federal Mandates

- 1. OMB Circular A-127, Financial Management Systems requirement***
- 2. Federal Financial Management Improvement Act (FFMIA)***
- 3. OMB Circular A-130, Management of Federal Information Resources***



Specifically OMB Circular A-127 requires agencies to:

- 1. Establish and maintain a single integrated financial management system***
- 2. Have an ongoing financial systems improvement planning process***
- 3. Perform periodic reviews of its financial system capabilities***
- 4. Maintain financial management system components that comply with uniform Federal accounting concepts and standards promulgated by FASAB (Federal GAAP)***

FFMIA requires agencies...

To install integrated financial systems that substantially comply with:

- *Government-established system requirements*
- *Accounting standards*
- *USSGL at the transaction level*

OMB Circular A-130 requires agencies to...

Use commercial off-the-shelf (COTS) software:

- ***to reduce costs***
- ***improve the efficiency and effectiveness of financial system improvement projects***
- ***reduce the risks inherent in developing and implementing a new system***

A-127 also

- 1. Requires COTS products to be certified*
- 2. Assigned the CFO Council responsibility for:*
 - developing and administering the certification test*
 - notifying GSA when the product passes the test*
 - providing information on CORE requirements and related test scenarios*



Office of Federal Financial Management (formerly JFMIP)

1. *Issues Federal Financial Management System Requirements (FFMSR)*
2. *FFMSR specifies the mandatory functional and technical requirements that agency financial management systems must meet in order to comply with Federal standards mandated in FFMIA*
3. *The Framework for Federal Financial Management Systems document describes the basic elements of a model for integrating financial management systems*



B. Meet agency goals

- 1. Maintain unqualified opinions by the required deadline without heroic efforts***
- 2. Resolve material weaknesses and reportable conditions in internal controls***
- 3. Achieve 'green' on the President's Management Agenda (PMA)***



B. Meet agency goals (cont'd)

4. ***Adapt to new financial statement requirements***
5. ***Improve efficiencies and effectiveness in financial management operations***
6. ***Provide program managers with timely & accurate financial information***



2. *Specific implementation experience*

- *Project 1: Oracle Implementation*
 - *Develop the Accounting Flexfield (AFF)*
 - *Convert the legacy structure into the new structure*
- *Project 2: SAP Implementation*
 - *IV&V role*
 - *Develop a cut over plan*

2. *Specific implementation experience (cont'd)*

- *Project 3: Post Oracle Implementation*
 - *Development of Process flows*
 - *Policy and Procedure development*
 - *Treasury reporting*
 - *Trading Partner files*
- *Project 4: SAP Implementation*
 - *Develop an accounting classification code*
 - *Recommend functionality*

3. *Observations*

- *Be prepared to have your audit opinion negatively impacted*
- *Management Support is critical*
- *Agency personnel need to understand the COTS*
- *The implementers need to understand the legacy system as well as the critical business processes*
- *Properly define your requirements*
- *Agency SMEs must be involved*

3. *Observations (cont'd)*

- *The New System will change the way people work*
- *This is a marathon and not a sprint*
- *Transition can be very difficult*
- *Your agency is unique*
- *Some customization should be expected*
- *Patience is key, expect changes along the way*



4. *Recommendations*

- *Management leadership plays a critical role*
 1. *Reinforce the vision: The new system will improve financial management*
 2. *Facilitate and ensure buy-in across the agency*
 3. *Become a cheer leader to the implementation team*
 4. *Ensure funds are available to complete the project*

4. *Recommendations*

- *Management leadership plays a critical role (cont'd)*
 - 5. *Ensure that agency SMEs are involved in the implementation*
 - 6. *Get periodic updates on project status and progress*
 - 7. *Assist in resolving issues*

4. *Recommendations*

- *Management leadership plays a critical role (cont'd)*
 - 8. *Hold the implementer accountable (Make sure they understand your business as well as the new Federal requirements)*
 - 9. *Ensure that your system will be able accommodate new OMB, Treasury requirements (Future Growth segments)*
 - 10. *Current operations cannot be forgone, look to contractor help to assist in performing current operations*

4. *Recommendations (cont'd)*

- *Adequate Planning is key*
- *Emphasize Training (the timing of training is key)*
- *Encourage Open Communications*
- *Prepare the users for a Culture Change*
- *Reengineer processes to maximize the functionality of the COTS package*
- *Partner with the Implementer*




5. The proposed CGAC and its impact on new financial systems

- What is it?
- What is an accounting classification structure?
- Background of CGAC
- Why the structure?
- Desired outcome
- The proposed structure itself



What is CGAC?

***Common Government-wide
accounting classification (CGAC)
structure for use by all Federal
agencies.***



An accounting classification structure...

Provides a consistent means for classifying financial events that enables the summarization and reporting of information



The purpose and result of CGAC is to:

- A. Define a standard way to capture information when classifying the financial effects of government business activities***
- B. Result: a uniform accounting classification structure that provides the name, definition and field size of classification elements to be used***

Background

- A. CGAC is a Financial Management Line of Business (FMLoB) initiative***
- B. OMB is the executive sponsor***
- C. CFO Council's Financial Systems Integration Office (FSIO) Oversight Transformation Team provides oversight and guidance***
- D. FSIO is responsible for completing this project***

Why the CGAC structure?


Currently...

1. *Each agency can develop its own classification structure*
2. *Classification structures used in agency systems vary from agency to agency and often from bureau to bureau within the same agency*
3. *Classification information exchanged between core financial management and feeder systems is not standardized.*
4. *Every interface must be custom defined. There is no standard interface.*
5. *Defining an interface requires a lot of effort and resources*



CGAC...

- 1. establishes a standard way to classify the financial effects of government business activities.***
- 2. includes data elements needed for internal and external reporting and,***
- 3. provides flexibility for agency mission-specific needs.***



Core Financial System Requirements identifies 13 elements:

- 1. Treasury Account Symbol***
- 2. Budget Fiscal Year***
- 3. Internal Fund Code***
- 4. Organization***
- 5. Program***
- 6. Project***

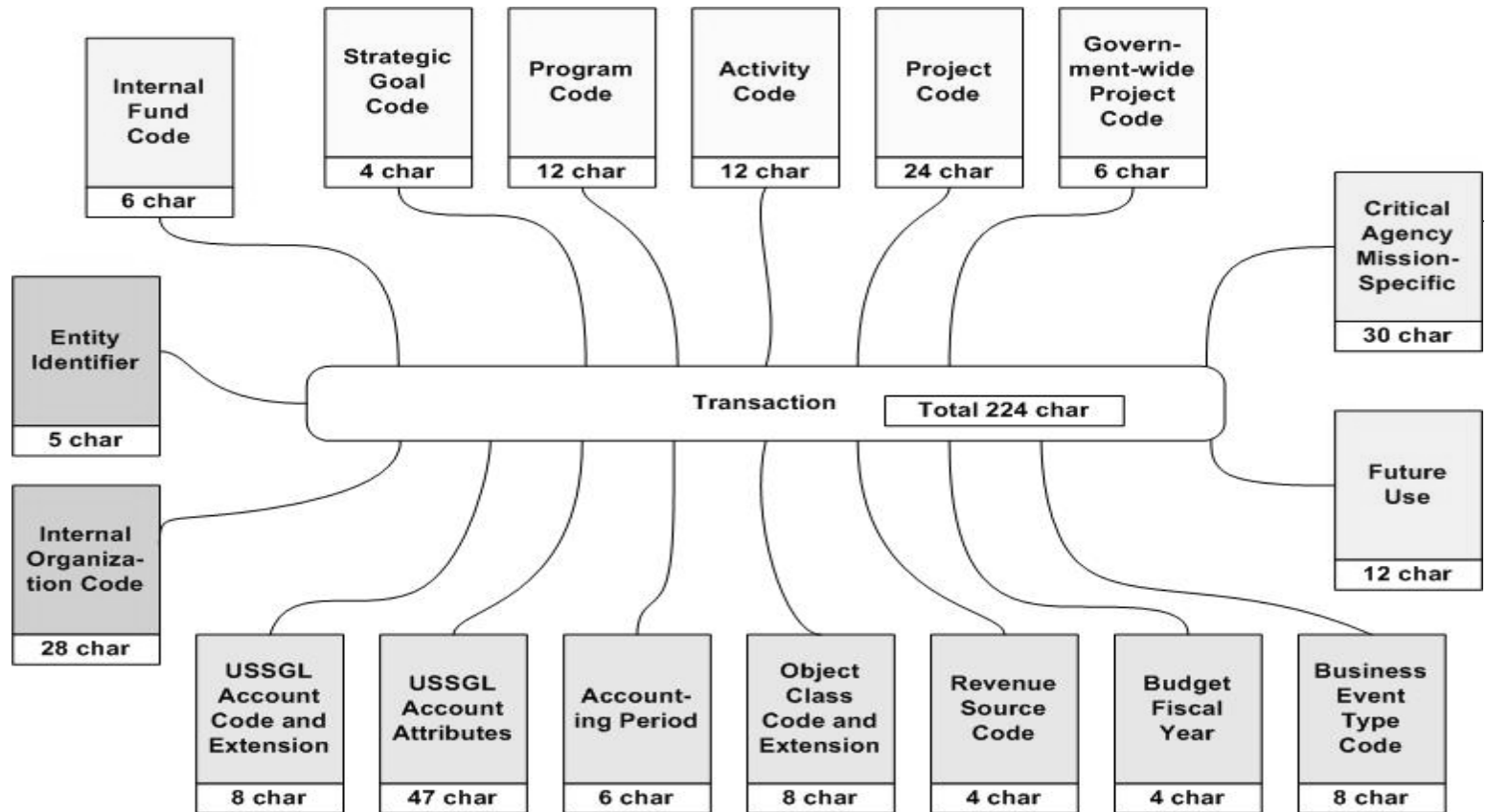
Core Financial System Requirements identifies 13 elements (cont'd):

7. *Activity*
8. *Cost Center*
9. *Object class*
10. *Revenue Source*
11. *Budget Function*
12. *Budget Sub function*
13. *Accounting period.*

Overview of the structure

<p>Fund</p> <p><u>Internal Fund Code</u></p> <p><u>Treasury Account Symbol:</u></p> <ul style="list-style-type: none"> • Subclass Code • Owner Agency Identifier • Allocation Transfer Agency Identifier • Beginning Fiscal Year • Ending Fiscal Year • Main Account Code • Sub-Account Code <p><u>Budget Account elements:</u></p> <ul style="list-style-type: none"> • Owner Agency Identifier • Budget Bureau Code • Budget Account Code • Budget Account Title <p><u>Fund attributes:</u></p> <ul style="list-style-type: none"> • Federal Account Symbol Title • Fund Type Code • Receipt Account Indicator • Financing Account Code • FACTS II Reportable Indicator • Cancellation Date 	<p>Organization</p> <p><u>Entity Identifier</u></p> <ul style="list-style-type: none"> • Agency Identifier • Bureau Identifier <p><u>Internal Organization Code</u></p> <ul style="list-style-type: none"> – 7 agency-defined levels <p><u>USSGL account attributes associated with Fund:</u></p> <ul style="list-style-type: none"> • Apportionment Category Code • BEA Category Code • Borrowing Source Code • Budget Function or Subfunction Code • Custodial or Noncustodial Code • Definite or Indefinite Code • Direct or Reimbursable Code • Public Law Number • Treasury Account Status Code 	<p>Program</p> <p><u>Strategic Goal Code</u></p> <p><u>Program Code</u></p> <ul style="list-style-type: none"> – 3 agency-defined levels <p><u>Activity Code</u></p> <ul style="list-style-type: none"> – 3 agency-defined levels <p><u>Project Code</u></p> <ul style="list-style-type: none"> – 4 agency-defined levels <p><u>Government-wide Project Code</u></p> <p><u>USSGL account attributes associated with Program:</u></p> <ul style="list-style-type: none"> • Apportionment Category B Program Code • Apportionment Category B Program Text • Program Report Category Code • Program Report Category Text 	<p>Transaction</p> <p>USSGL Account Code</p> <p>USSGL Account Extension Code</p> <p><u>USSGL account attributes:</u></p> <ul style="list-style-type: none"> • Federal or Non-Federal Code • Trading Partner Agency Identifier • Trading Partner Bureau Identifier • Advance Code • Authority Type Code • Availability Code • Exchange or Non-exchange Code • Trading Partner Main Account Code • Transfer To or From Code • Credit Cohort Year • Year of Budget Authority Code <p>Accounting Period</p> <p>Object Class Code</p> <p>Object Class Extension Code</p> <p>Revenue Source Code</p> <p>Budget Fiscal Year</p> <p>Business Event Type Code</p> <p>Agency Location Code</p>	<p>Critical Agency Mission-Specific or Future Use</p> <p><u>Critical Agency Mission-Specific Fields</u></p> <ul style="list-style-type: none"> – 5 agency-defined fields <p><u>Future Use Fields</u></p> <ul style="list-style-type: none"> – 2 fields to be defined in the future
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CGAC elements captured in a transaction



Desired Outcomes from implementing CGAC

- A. *Promote a universal understanding of data elements*
- B. *Help agencies standardize account codes internally*
- C. *Aid in the evolution of standardizing financial management throughout the Federal government*
- D. *Ease the transition when an agency moves to a new financial management system or Shared Service Provider (SSP)*



How can an agency ease the transition to a new financial management system or Shared Service Provider (SSP)?

- 1. Become familiar with the CGAC when it is finalized*
- 2. Ensure that your implementer is familiar with the CGAC*
- 3. Talk with FSIO about any concerns*
- 4. Take time to properly define the Critical Agency Mission – Specific or Future Use Segment*
- 5. Be patient and flexible - this is new!*



We talked about...

1. ***Why are agencies moving to a new Financial System?***
2. ***Specific Implementation Experience***
3. ***Observations***
4. ***Recommendations***
5. ***Impact of the proposed CGAC on new financial system implementations***



Contact info...

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